

**SENATE JOURNAL
63RD LEGISLATURE
ADDENDUM**

Helena, Montana
2013

Senate Chambers
State Capitol

Oath of office. Members of the legislature and all executive, ministerial and judicial officers, shall take and subscribe the following oath or affirmation, before they enter upon the duties of their offices: "I do solemnly swear (or affirm) that I will support, protect and defend the constitution of the United States, and the constitution of the state of Montana, and that I will discharge the duties of my office with fidelity (so help me God)." No other oath, declaration, or test shall be required as a qualification for any office or public trust.

BILLS AND JOURNALS (Buttrey, Chair):

4/25/2013

Correctly enrolled: **SB 282, SB 410, SR 68, SR 69, SR 70, SR 77.**

Signed by the Secretary of the Senate at 8:25 a.m., April 11, 2013: **SB 364.**

Signed by the Secretary of the Senate at 11:00 a.m., April 17, 2013: **SB 84, SB 324, SB 336.**

Signed by the Secretary of the Senate at 2:50 p.m., April 23, 2013: **SB 69, SR 40, SR 49, SR 64, SR 65, SR 66, SR 67, SR 75.**

Signed by the Secretary of the Senate at 10:50 a.m., April 24, 2013: **SB 394.**

Signed by the Secretary of the Senate at 1:55 p.m., April 25, 2013: **SB 28, SB 45, SB 96, SB 148, SB 198, SB 215, SB 223, SB 297, SB 305, SB 323, SB 335, SB 342, SB 348, SB 410, SJR 15, SJR 18.**

Signed by the Secretary of the Senate at 2:05 p.m., April 25, 2013: **SB 346.**

Signed by the President at 4:00 p.m., April 24, 2013: **SB 69, SB 394, SR 40, SR 49, SR 64, SR 65, SR 66, SR 67, SR 75.**

Signed by the President at 2:00 p.m., April 25, 2013: **SB 28, SB 45, SB 84, SB 96, SB 148, SB 198, SB 215, SB 223, SB 297, SB 305, SB 323, SB 324, SB 335, SB 336, SB 342, SB 346, SB 348, SB 364, SB 410, SJR 15, SJR 18.**

Signed by the President at 3:40 p.m., April 25, 2013: **SB 282, SR 68, SR 69, SR 70, SR 77.**

Signed by the Speaker at 1:00 p.m., April 25, 2013: **SB 201, SB 264, SB 265, SB 280, SB 369, SB 392, SJR 26.**

Signed by the Speaker at 1:10 p.m., April 25, 2013: **SB 69, SB 101, SB 256, SB 394.**

Signed by the Speaker at 1:30 p.m., April 25, 2013: **SB 23, SB 44, SB 117, SB 162, SB 196, SB 217, SB 226, SB 231, SB 240, SB 370, SB 386, SB 401, SJR 14, SJR 20, SJR 22, SJR 23, SJR 24.**

Signed by the Speaker at 3:15 p.m., April 25, 2013: **SB 28, SB 148, SB 215, SB 223, SB 297, SB 305, SB 323, SB 335, SB 348, SJR 18.**

Signed by the Speaker at 3:20 p.m., April 25, 2013: **SB 96, SB 198, SB 342, SJR 15.**

Signed by the Speaker at 3:25 p.m., April 25, 2013: **SB 45, SB 410.**

Signed by the Speaker at 3:30 p.m., April 25, 2013: **SB 84, SB 324, SB 336.**

Signed by the Speaker at 3:50 p.m., April 25, 2013: **SB 269, SB 346, SB 364.**

Signed by the Speaker at 4:15 p.m., April 25, 2013: **SB 282.**

Delivered to the Governor at 3:13 p.m., April 25, 2013: **(GAs not concurred) SB 19, SB 125, SB**

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337, SB 347.

Delivered to the Secretary of State at 3:10 p.m., April 25, 2013: **SR 31, SR 40, SR 43, SR 46, SR 48, SR 49, SR 51, SR 52, SR 53, SR 55, SR 56, SR 57, SR 59, SR 60, SR 61, SR 62, SR 64, SR 65, SR 66, SR 67, SR 72, SR 73, SR 74, SR 75, SR 76.**

BILLS AND JOURNALS (Buttrey, Chair):

4/26/2013

Signed by the Secretary of the Senate at 11:30 a.m., April 26, 2013: **SB 282, SR 68, SR 69, SR 70, SR 77.**

Delivered to the Governor at 12:01 p.m., April 26, 2013: **SB 23, SB 28, SB 44, SB 45, SB 69, SB 81, SB 84, SB 96, SB 101, SB 117, SB 148, SB 162, SB 175, SB 196, SB 198, SB 201, SB 215, SB 217, SB 223, SB 226, SB 231, SB 240, SB 256, SB 264, SB 265, SB 269, SB 280, SB 282, SB 297, SB 305, SB 323, SB 324, SB 335, SB 336, SB 342, SB 346, SB 348, SB 364, SB 369, SB 370, SB 386, SB 392, SB 394, SB 401, SB 410.**

Delivered to the Secretary of State at 12:30 p.m., April 26, 2013: **SR 14, SR 15, SR 18, SR 20, SR 22, SR 23, SR 24, SR 26, SR 68, SR 69, SR 70, SR 77.**

REPORTS OF STANDING COMMITTEES

The Senate Committee on Committees has approved the following committee assignments 2013-14 Interim:

Legislative Council

Sen. Jeff Essmann
Sen. Jon Sesso
Sen. Robyn Driscoll
Sen. Cliff Larsen
Sen. Debby Barrett
Sen. Chas Vincent

Legislative Finance Committee

Sen. Mary Caferro
Sen. Llew Jones
Sen. Rick Ripley
Sen. Jon Sesso
Sen. Mitch Tropila
Sen. Ed Walker

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Legislative Audit Committee

Sen. Dee Brown
Sen. Taylor Brown
Sen. Greg Jergeson
Sen. Eric Moore
Sen. Mitch Tropila
Sen. Sue Malek

Legislative Consumer Committee

Sen. Terry Murphy
Sen. Mitch Tropila

Environmental Quality Council

Sen. John Brenden
Sen. Jennifer Fielder
Sen. Brad Hamlett
Sen. Jim Keane
Sen. Rick Ripley
Sen. Gene Vuckovich

Children, Families, Health, and Human Services Interim Committee

Sen. Terry Murphy
Sen. David Wanzenried
Sen. Roger Webb
Sen. Jonathan Windy Boy

Economic Affairs Interim Committee

Sen. Elsie Arntzen
Sen. Dick Barrett
Sen. Tom Facey
Sen. Bruce Tutvedt

Education and Local Government Interim Committee

Sen. Tom Facey
Sen. Dave Lewis
Sen. Eric Moore
Sen. Matt Rosendale
Sen. Sharon Stewart-Peregoy
Sen. Jonathan Windy Boy

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Energy and Telecommunications Interim Committee

Sen. Ed Buttrey
Sen. Robyn Driscoll
Sen. Cliff Larsen
Sen. Alan Olson

Law and Justice Interim Committee

Sen. Shannon Augare
Sen. Scott Boulanger
Sen. Robyn Driscoll
Sen. Larry Jent
Sen. Terry Murphy
Sen. Scott Sales

Revenue and Transportation Interim Committee

Sen. Dick Barrett
Sen. Christine Kaufmann
Sen. Janna Taylor
Sen. Fred Thomas
Sen. Art Wittich
Sen. Greg Jergeson

State Administration and Veterans' Affairs Interim Committee

Sen. Dee Brown
Sen. Larry Jent
Sen. Dave Lewis
Sen. Sue Malek

State-Tribal Relations Committee

Sen. Shannon Augare
Sen. Jim Peterson
Sen. Bruce Tutvedt
Sen. Jonathan Windy Boy

Water Policy Committee

Sen. Jennifer Fielder
Sen. Brad Hamlett
Sen. Sharon Stewart-Peregoy
Sen. Chas Vincent

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Capitol Complex Advisory Council

Sen. Elsie Arntzen
Sen. Brad Hamlett

Economic Development Advisory Council

Sen. Ron Arthun
Sen. Gene Vuckovich

Gaming Advisory Council

Sen. Jon Sonju

Land Information Advisory Council

Sen. Mike Phillips

MESSAGES FROM THE GOVERNOR

April 24, 2013

The Honorable Jeff Essmann
President of the Senate
State Capitol
Helena, MT 59620

Dear President Essmann:

On Wednesday, April 24, 2013, I signed and delivered the following Senate bills to the Secretary of State:

Senate Bill 20 – Jent
Senate Bill 127 – Buttrey
Senate Bill 154 – Vincent
Senate Bill 179 – Kaufmann
Senate Bill 242 – Sesso
Senate Bill 345 – Vincent

Sincerely,

STEVE BULLOCK
Governor

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April 25, 2013

The Honorable Jeff Essmann
President of the Senate
State Capitol
Helena, MT 59620

Dear President Essmann:

On Thursday, April 25, 2013, I signed and delivered the following Senate bills to the Secretary of State:

Senate Bill 94 - D. Brown
Senate Bill 158 - Thomas
Senate Bill 160 - Tropila
Senate Bill 191 - T. Brown
Senate Bill 200 - Vincent
Senate Bill 301 - Murphy

Sincerely,

STEVE BULLOCK
Governor

April 26, 2013

The Honorable Jeff Essmann
President of the Senate
State Capitol
Helena, MT 59620

Dear President Essmann:

On Friday, April 26, 2013, I signed and delivered the following Senate bills to the Secretary of State:

Senate Bill 108 - T. Brown
Senate Bill 139 - Walker
Senate Bill 178 - Van Dyk
Senate Bill 183 - Arntzen
Senate Bill 203 - Buttrey
Senate Bill 275 - Buttrey

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Senate Bill 355 - Hamlett
Senate Bill 357 - Facey

I have vetoed:

Senate Bill 31 - Debby Barrett
Senate Bill 105 - T. Brown
Senate Bill 114 - Taylor
Senate Bill 138 - Wittich
Senate Bill 236 - Olson
Senate Bill 250 - Debby Barrett
Senate Bill 302 - Arntzen
Senate Bill 344 - Vincent.

I have returned **Senate Bill 144** - Sesso and **Senate Bill 294** - Arntzen to the Secretary of State without signature.

Sincerely,

STEVE BULLOCK
Governor

April 26, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 31** (SB 31), "AN ACT REVISING THE DEFINITION OF "ELIGIBLE RENEWABLE RESOURCE" UNDER THE MONTANA RENEWABLE POWER PRODUCTION AND RURAL ECONOMIC DEVELOPMENT ACT AND INCLUDING HYDROELECTRIC RESOURCES WITHIN THE DEFINITION; AMENDING SECTIONS 69-3-2003, 90-3-1003, AND 90-4-1005, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

SB 31 amends Montana's Renewable Power Production and Rural Economic Development Act (Act), passed by the 2005 Legislature, by allowing all new hydroelectric power plants, regardless of capacity, that commence commercial operation after January 1, 2013, to be

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defined as an eligible renewable resource under the Renewable Portfolio Standard (RPS).

The intent of the 2005 Act was to incentivize diverse rural economic development, and it has been tremendously successful. For example, wind development in Montana has led to approximately \$1.5 billion in capital investment, \$23 million in property taxes collected, and approximately \$1.5 million annually in lease payments to landowners.

Hydroelectric facilities have been an enduring and important component in the Montana energy system and hydroelectricity is clean, renewable energy. However, passage of SB 31 at this time is not advised for several reasons.

First, the current RPS allows certain small hydroelectric facilities that create no new impoundment to qualify. This legislation was carefully crafted to balance the benefits of hydroelectric power with its impacts and foster the development of multiple projects across the state. Allowing any and all new hydroelectric facilities to qualify for the RPS would upset this carefully crafted balance.

Second, the current RPS is a tightly woven legislative framework built around a 15 percent standard. SB 31 is a significant expansion of the scope of the RPS which should merit a thoughtful review of the standard.

Finally, the passage of Senate Joint Resolution 6 (SJ 6) in this session, with broad bipartisan support, calls for an interim study of the 2005 Act to assess its effectiveness. I applaud SJ 6 and look forward to a public accounting of its benefits. A significant change to the RPS in light of the interim study, such as that proposed by SB 31, is ill timed.

For these reasons, I veto SB 31.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

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April 26, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 105** (SB 105), "AN ACT PROHIBITING THE ESTABLISHMENT OF AN INTERIM ZONING DISTRICT OR INTERIM REGULATION TO PREVENT A PROPOSED USE UNDER CERTAIN CIRCUMSTANCES; PROHIBITING ESTABLISHMENT OF AN INTERIM ZONING DISTRICT OR INTERIM REGULATION TO PREVENT AGRICULTURAL ACTIVITIES; AND AMENDING SECTION 76-2-206, MCA."

When there is an emergency involving public health, safety or welfare, the public wants their locally-elected officials to act decisively to address the problem. Interim zoning is often utilized by local officials to protect the public, including the protection of private property rights when those rights are threatened by unexpected land use proposals.

SB 105 prevents locally-elected public officials from acting in the manner they believe is necessary to serve the best interests of their communities, and unreasonably tips the balance of property rights in favor of persons proposing certain uses subject to regulation by state agencies over those of adjacent landowners.

Under SB 105, a county would be unable to apply interim zoning to a proposed use that is subject to regulation by a state agency under Title 75 (air quality, water quality, solid waste, hazardous waste, underground storage tanks, outdoor advertising, junkyards, transmission lines, pipelines, and hydroelectric facilities), Title 76, Chapter 4 (sanitation in subdivisions), or Title 82 (mining and oil and gas operations and reclamation), MCA. While such activities are regulated by a state agency, many aspects of these activities are not regulated, such as the potential impacts on local traffic, schools, emergency services, and compatibility with surrounding uses of private property.

In some cases these impacts can be addressed only with interim zoning while local public officials study the issues and consider long-term options to minimize or avoid the impacts to the private property rights of adjacent landowners and to the community at large.

Under SB 105, the prohibition against interim zoning is triggered by the simple act of a person submitting an application to the applicable state agency, and once triggered, is in effect for an indefinite period of time. Yet under most state permitting processes, this submission is the first time that the public and adjacent landowners are officially made aware of the proposed use. This is unfair, and not only discourages public participation in government, but also prevents locally-elected public officials from conducting a thoughtful review of the activity.

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SB 105 also prevents a local government from establishing an interim zoning district or regulation that would prevent agricultural activities, but this language is unnecessary since existing law already limits local government power in this regard.

Interim zoning is an important tool for counties to carefully evaluate and address the impacts to public health, safety or welfare resulting from an emergency situation. Private landowners also have legitimate interests. They should be able to seek state agency approval for a proposed use without interim zoning being used in an inappropriate manner to prohibit that use. They should also be assured that if their property rights are threatened by a proposed use on an adjacent piece of land, then their locally-elected officials will have the power to protect them. SB 105 strikes an unfair balance between these competing interests.

I proposed amendments to address these issues, but they were rejected. Therefore, I now veto SB 105.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

April 26, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 114** (SB 114), "AN ACT MAINTAINING THE SAME YEAR LONG REGISTRATION PERIOD AFTER THE TRANSFER OF A VEHICLE TO A SUBSEQUENT OWNER; AMENDING SECTIONS 61-3-311 AND 61-3-317, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE."

SB 114 changes the registration date on motor vehicles, trailers, semi-trailers, or pole trailers from the date when ownership is transferred to the date when a vehicle is first registered. Under this proposal, the purchaser of a used vehicle will not have to register the vehicle until the vehicle's registration renewal date. The impact of SB 114 is a significant loss of revenue to

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state and county general funds.

The budget I proposed was balanced, left money in the bank for a rainy day, cut taxes for small businesses and homeowners, and maintained critical services. I laid out clear and basic expectations for the Legislature in preparing a budget. First, Montana's budget needs to be in structural balance--we cannot spend more than we take in. Second, to ensure sound fiscal management, the Legislature needs to maintain a reserve of \$300 million in ending fund balance. Finally, essential services and long-term liabilities must be addressed before the Legislature creates new programs or tax expenditures. However well-intentioned SB 114 may be, we simply cannot afford it.

For these reasons, I veto SB 114.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

April 26, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 138** (SB 138), "AN ACT EXTENDING CLASS FOURTEEN PROPERTY TAX CLASSIFICATION TO ALL FUTURE ELECTRICAL GENERATION FACILITIES AND FUEL AND GAS PRODUCTION FACILITIES; EXPANDING RULEMAKING AUTHORITY; AMENDING SECTIONS 15-6-137, 15-6-141, 15-6-156, 15-6-157, 75-20-104, AND 75-20-304, MCA; AND PROVIDING AN EFFECTIVE DATE AND AN APPLICABILITY DATE."

SB 138 ostensibly seeks to "level the playing field" between the tax treatment for renewables and that for traditional hydrocarbon generation. However, the playing field is much more equitable than the proponents of SB 138 would acknowledge. For example: fossil fuel exploration, production, and distribution activities get a number of tax incentives that

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renewables do not; renewables can be required to pay impact fees to counties at the front end that fossil fuel projects are not required to pay; and renewable projects have higher up-front capital costs than a similar size fossil fuel generator (e.g., taxable property for a wind farm is approximately twice the taxable value than the same size facility that uses natural gas as a fuel).

The incentives for the production of oil, natural gas, and coal as well as wind and other renewable resources have been carefully crafted by the Legislature over many decades to ensure Montana can continue to pursue an "all of the above" energy portfolio, which I support. SB 138 substantially upsets that balance.

Further, SB 138 offers a 3 percent tax rate to electrical generation facilities classified as Class 14 on June 30, 2013, or commencing construction after June 30, 2013. There is no difference in these facilities from existing ones except for the date on which they were classified as Class 14. Montana law requires that "under the rational basis test, classifications must be reasonable, not arbitrary, and they must bear a fair and substantial relation to the object of the legislation, so that all persons similarly circumstanced shall be treated alike." Eisenstadt v. Baird, 405 U.S. 438, 447 (1972). There is no rational basis for treating new electrical generation facilities differently than existing ones. If the bill provided a lower tax rate to encourage new or cleaner technology (as does current section 15-6-157, MCA), then a rational basis might exist for the differing treatment. However, a change in date is not a rational basis.

For these reasons, I veto SB 138.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

April 26, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the

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State of Montana, I hereby **veto Senate Bill 236** (SB 236), "AN ACT TEMPORARILY INCREASING THE COAL SEVERANCE TAX ALLOCATION TO THE COAL NATURAL RESOURCE ACCOUNT; ESTABLISHING THE INCREASE UNTIL JUNE 30, 2019; AMENDING SECTION 15-35-108, MCA; AND PROVIDING AN EFFECTIVE DATE."

From October 1, 2013 until June 30, 2019, SB 236 increases the coal severance tax allocations to the coal natural resource account from 2.9 percent to 5.8 percent. Unfortunately, SB 236 impedes the funding mechanism of House Bill 454 (HB 454), which will use spendable interest from the permanent fund of the coal tax trust to fix the public employees retirement system and to help offset the costs of local governments.

HB 454 will temporarily increase employee and employer contributions to the public employee retirement system until the system is determined to be actuarially sound. It utilizes some of the spendable interest from the permanent fund of the coal tax trust, coal severance tax revenues and state land revenues to assist local governments in meeting their financial obligations. As outlined in the budget I submitted to the Legislature, we have an obligation to address our long-term liabilities, and this obligation includes fixing our retirement systems. Article VIII, Section 15 of the Montana Constitution compels us to act, and SB 454 provides a comprehensive solution of shared sacrifice to shore up our public employee retirement system without raising taxes.

Under SB 236 the amount distributed to the coal natural resource account would increase by \$1.429 million in FY 2014 and by \$1.972 million in FY 2015, and would increase each year thereafter until FY 2020. The distribution of the coal severance tax revenue to the general fund would decrease by an equal amount.

Finally, if SB 236 is signed into law, there is no corresponding appropriation in House Bill 2 (HB 2) to provide funding for it. SB 236 would create an increased account balance for the coal natural resources account with no corresponding authority for the Department of Commerce to spend the increased fund balance.

For these reasons, I veto SB 236.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

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April 26, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 250** (SB 250), "AN ACT CREATING REQUIREMENTS FOR THE GOOD NEIGHBOR POLICY AND FOR LAND ACQUISITIONS BY THE DEPARTMENT OF FISH, WILDLIFE, AND PARKS; PRIORITIZING MAINTENANCE ON ACQUIRED LANDS; DELETING REPORTING REQUIREMENTS; REMOVING THE STATUTORY APPROPRIATION FOR MAINTENANCE OF ACQUIRED LANDS; REPEALING THE SUNSET ON GOOD NEIGHBOR LAWS; AMENDING SECTIONS 17-7-502, 23-1-126, 87-1-209, AND 87-1-230, MCA; REPEALING SECTION 8, CHAPTER 427, LAWS OF 2009; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

The Montana Department of Fish, Wildlife & Parks (FWP), members of the Legislature, hunters, anglers, landowners, and virtually all Montanans share the common goal of ensuring that state government has the authority, direction, funding, and staffing necessary to effectively and efficiently operate and maintain state-owned land. SB 250 is directly contrary to that goal.

Existing law requires that when FWP purchases land, it must deposit an amount equal to 20 percent of the purchase price into a maintenance account. SB 250 unreasonably earmarks these deposits specifically to each property, rather than allowing FWP the flexibility it needs for operations and maintenance on the highest priority needs. This restriction would result in some properties having unspent funds sitting in earmarked accounts, while other properties lack the funds necessary to provide needed care.

FWP, like any landowner, must be able to determine maintenance priorities according to need. Whether it is weed infestations, fences that need fixing, impassable roads, or a multitude of other issues faced by landowners, FWP must be able to respond, and should not be limited by an arbitrary formula that serves no purpose. As demonstrated by recent unforeseen or catastrophic events, like the wildfires in eastern Montana last year, or the major flooding of the previous year, FWP needs the flexibility to move operations and maintenance funding from one property to another.

I strongly endorse the "good neighbor policy" as a critical tool for improving the relationship between FWP and landowners. I note that a bill which would have continued this worthwhile program, without playing politics, was tabled in the Senate Fish and Game Committee. That's a shame.

I have asked FWP and the FWP Commission to do a critical assessment of the agency's land

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holdings, including the successes and challenges of the good neighbor policy. I am hopeful that this review will provide an opportunity for productive public dialogue which, sadly, has been lacking.

For these reasons, I veto SB 250.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

April 26, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 302** (SB 302), "AN ACT REVISING THE PROCESS FOR THE BOARD OF PUBLIC EDUCATION TO PRESENT PROPOSED ACCREDITATION STANDARDS TO A LEGISLATIVE COMMITTEE; CLARIFYING THE PROCESS FOR CONDUCTING AN ANALYSIS OF THE FISCAL IMPACT OF THE PROPOSED ACCREDITATION STANDARDS; REQUIRING ACCREDITATION STANDARDS PROPOSED DURING THE INTERIM WITH A PROJECTED FISCAL IMPACT TO BE INCLUDED IN THE OFFICE OF PUBLIC INSTRUCTION'S EXECUTIVE BUDGET; PROVIDING FOR A DELAYED IMPLEMENTATION DATE FOR THE BOARD OF PUBLIC EDUCATION'S PROPOSED STANDARDS EXCEPT FOR THOSE WITH NO PROJECTED FISCAL IMPACT; REQUIRING THE BOARD TO PRESENT ACCREDITATION STANDARDS PROPOSED DURING A REGULAR LEGISLATIVE SESSION DIRECTLY TO THE JOINT APPROPRIATIONS SUBCOMMITTEE THAT CONSIDERS EDUCATION; AND AMENDING SECTION 20-7-101, MCA."

SB 302 unnecessarily complicates the process of adopting changes to the Montana public schools accreditation standards by creating a new unfunded mandate, and intrudes on the authority of the Governor, the Superintendent of Public Instruction and the Board of Public Education (BPE).

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First, the bill requires a new step in the fiscal analysis of proposed rule changes by the BPE. Section 20-7-101, MCA, is amended to require an independent third party to develop a fiscal analysis of proposed changes to the accreditation standards which may be submitted to the Education and Local Government Interim Committee brought forward by the Board of Public Education. However, no appropriation was provided to the Legislative Services Division nor the BPE to fulfill this new mandate. This effectively prohibits actions on the part of the BPE during this interim which is constitutionally granted "general supervision" of Montana's K-12 schools under Article X, Section 9.

Further, the bill stipulates that the Superintendent of Public Instruction shall include the fiscal analysis in the Office of Public Instruction's budget request pursuant to 17-7-112, MCA, for presentation to the Legislature in the next regular session after completion of the fiscal analysis. Section 17-7-112, MCA does not empower the Superintendent of Public Instruction to submit anything to the Legislature but rather governs the preparation and presentation of the Executive Budget. Nothing in SB 302, 20-7-101, MCA, or 17-7-112, MCA, requires the Governor or budget director to include any cost analysis performed by either the Legislative Fiscal Division, as current law stipulates, or the new third party in the Executive Budget.

The new requirements of SB 302 are further complicated by the provisions of Section 1, subsection 3(c) of the bill which require presentation to the Joint Appropriations Subcommittee on Education even though that subcommittee disperses prior to March 1 and would, therefore, have no ability to consider the fiscal analysis for, potentially, another two years.

The current check and balance of authority between locally elected schools boards, the BPE, Superintendent, Legislature and Governor's Office is delicate and should not be tampered with lightly. The current provisions of law do require greater communication and cooperation among these entities to ensure our children have access to great schools and curriculum. I remain committed to facilitating such a dialogue as chairman of the Board of Education. SB 302 does not improve communications between elected officials and the various governing boards of our quality education system and actually actively seeks to impair it.

For these reasons, I respectfully request that you sustain my veto.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

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April 26, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 344** (SB 344), "AN ACT PROVIDING A PUBLIC SCOPING PROCESS FOR CERTAIN LAND ACQUISITIONS BY THE DEPARTMENT OF FISH, WILDLIFE, AND PARKS; AMENDING SECTION 87-1-218, MCA; AND PROVIDING A TERMINATION DATE."

SB 344 would require the Department of Fish, Wildlife & Parks (FWP) to engage in additional public scoping before making any land acquisition of 640 acres or greater.

I strongly support expanding hunting, fishing and outdoor recreational opportunities for all Montanans. Our ability to enjoy Montana's world-renowned hunting and fishing, whether to feed our families or put a trophy on the wall, is an important part of our way of life. Whether it is a fishing access site where we can take our kids to pass on our heritage, or the acquisition of key elk wintering range, FWP land acquisitions are about making sure we protect the best of Montana.

President Teddy Roosevelt said that "[I]n a civilized and cultivated country, wild animals only continue to exist at all when preserved by sportsmen." That was true then and it is true today. Montana's sportsmen and women continue to play a leadership role in creating a wildlife legacy for all Montanans to enjoy, now and into the future.

So it is with regret that I note that the Legislature, in House Bill 5, has chosen to significantly limit future habitat acquisitions by the State of Montana over the next biennium. And that the Senate, on a largely partisan vote (including the sponsor of this bill), refused an amendment that would have restored compromise language that was acceptable to both this administration and members of the House. The funds that would be restricted come directly from the purchase of hunting and fishing licenses by sportsmen and women. It is ironic that these same legislators now want to pass legislation like SB 344 to ostensibly improve a process that they do not want to happen.

Hopefully in the future we can have a more sensible dialogue on these issues. That is why I have directed the new FWP Commission to undertake a thorough and public review of the agency's land holdings and management policies. I expect that this process will yield valuable information that will help inform a productive public discussion.

Montana's sportsmen and women may rest assured that I support their tireless work to

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preserve our state's great wildlife herds, blue ribbon fisheries, and hunting and fishing opportunities, as cornerstones of our way of life.

For these reasons, I veto SB 344.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

April 29, 2013

The Honorable Jeff Essmann
President of the Senate
State Capitol
Helena, MT 59620

Dear President Essmann:

On Monday, April 29, 2013, I returned **Senate Bill 325** - Olson to the Secretary of State without signature.

Sincerely,

STEVE BULLOCK
Governor

April 30, 2013

The Honorable Jeff Essmann
President of the Senate
State Capitol
Helena, MT 59620

Dear President Essmann:

On Tuesday, April 30, 2013, I signed and delivered the following Senate bills to the Secretary of

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State:

Senate Bill 28 - Thomas
Senate Bill 45 - Keane
Senate Bill 69 - Walker
Senate Bill 84 - Kaufmann
Senate Bill 348 - Thomas

Sincerely,

STEVE BULLOCK
Governor

May 1, 2013

The Honorable Jeff Essmann
President of the Senate
State Capitol
Helena, MT 59620

Dear President Essmann:

On Wednesday, May 1, 2013, I signed and delivered the following Senate bills to the Secretary of State:

Senate Bill 196 - Rosendale
Senate Bill 198 - Thomas
Senate Bill 324 - Rosendale

Sincerely,

STEVE BULLOCK
Governor

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May 3, 2013

The Honorable Jeff Essmann
President of the Senate
State Capitol
Helena, MT 59620

Dear President Essmann:

On Friday, May 3, 2013, I vetoed the following bills:

Senate Bill 19 - Hamlett
Senate Bill 125 - Olson
Senate Bill 265 - Jackson
Senate Bill 337 - Hamlett
Senate Bill 347 - Vincent

Sincerely,

STEVE BULLOCK
Governor

May 3, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 19** (SB 19), "AN ACT DEFINING THE TERM 'COMBINED APPROPRIATION' FOR WATER WELLS AND DEVELOPED SPRINGS THAT ARE EXEMPT FROM PERMITTING; CLARIFYING THE DEFINITION OF THE TERM 'DEVELOPED SPRING'; AND AMENDING SECTIONS 85-2-102 AND 85-2-306, MCA."

As I indicated in my amendatory veto letter, SB 19 would limit the ability of senior water right holders to protect their property rights. "First in time, first in right" is a bedrock principle of water law, but any right is only as good as one's ability to protect it. SB 19 would perpetuate a system where many water wells could be developed in close proximity to one another, collectively pump substantial amounts of water, and the holder of an adjacent senior water right would be

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powerless to protect that right. Although senior water rights are held by many individuals and entities in this state, including cities and towns, hydroelectric facilities, and many others, a great many of our agricultural producers hold senior water rights.

I am very concerned about the impacts of SB 19 on agriculture, the largest sector of our economy. For example, if an agricultural producer seeks to develop a well for a center pivot to irrigate 100 acres of alfalfa, he or she must rightfully go through the State's permitting process in order to show that the water is both legally available and its use will not have an adverse effect on more senior water rights. However, under SB 19, if a subdivision is built next door and includes a well for each lot that, cumulatively, uses the same amount of water, no permit is required. Moreover, there is no basis for the senior water right holder to object. This makes no sense, and equity alone dictates that the permitting process should apply.

I am cognizant of the impacts of SB 19 on other uses, in particular land development. It is appropriate and necessary to have some threshold for well development that encourages development by allowing for new wells without the rigors of permitting.

I proposed amendments that would have provided some measure of protection for senior water rights holders while providing a great deal of flexibility for new development by allowing for multiple new exempt wells on a single parcel, protecting landowners from development on neighboring parcels, and preserving existing rights. The Senate agreed my amendments were a good idea. The House refused to consider them at all. I am surprised that the House leadership refused to consider the needs of our state's agricultural sector.

Unfortunately, SB 19 tips too far away from senior water rights and prior appropriation and does not address concerns that many individuals and organizations have with the cumulative effects of multiple, concentrated exempt wells. For these reasons, I am vetoing SB 19.

I encourage all interests to work together to find an acceptable balance in the upcoming rulemaking before the Department of Natural Resources and Conservation.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

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May 3, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 125** (SB 125), "AN ACT ESTABLISHING THAT THE PUBLIC SERVICE COMMISSION MAY IMPOSE AN ADMINISTRATIVE PENALTY FOR FAILURE TO COMPLY WITH THE GRADUATED RENEWABLE ENERGY STANDARD AND FOR FAILURE TO COMPLY WITH THE COMMUNITY RENEWABLE ENERGY PROJECT REQUIREMENT; AMENDING SECTION 69-3-2004, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

SB 125 amends Montana's Renewable Power Production and Rural Economic Development Act (Act), passed by the 2005 Legislature, by clarifying the calculation of an administrative penalty for failure to comply with the Community Renewable Energy Project (Community Project) requirement, and by substantially reducing the penalty that would apply under current law.

Certain entities subject to the Act are required to purchase a minimum portion of their energy load from renewable resources. Satisfying this requirement must include a certain amount of purchases from Community Projects.

The Act was intended to create incentives for economic development and jobs through the production of renewable power commencing operation after January 1, 2005, and it has been tremendously successful. The Community Project requirement, in part, was intended to ensure that those economic benefits and jobs were well distributed across the state, including to rural communities and Montana owners.

If an entity is unable to meet either the minimum standard or the Community Project requirement, an administrative penalty may be assessed by the Montana Public Service Commission (PSC). The PSC may also grant a short-term waiver from the substantive requirements and the penalty.

There is an ambiguity in current law as to the calculation of the administrative penalty for failure to meet the Community Project requirement. Although SB 125 clarifies this ambiguity, the bill sets the penalty too low to provide sufficient incentive for an entity to comply with Community Project requirements or work with the PSC to obtain a waiver. I also thought the penalty under current law was too high and proposed amendments to set a more reasonable penalty, but the Senate leadership refused to consider them.

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Unfortunately, the ambiguity in the law will remain but the PSC will still be able to set a penalty that provides the necessary incentive for compliance with the Community Project requirements, ensuring the local economic benefits intended by the Act.

For these reasons, I now veto SB 125.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

May 3, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 265** (SB 265), "AN ACT EXTENDING THE SUSPENSION OF WATER RIGHT ADJUDICATION DURING NEGOTIATIONS OF INDIAN AND FEDERAL RESERVED WATER RIGHTS; REQUIRING AN INTERIM STUDY; PROVIDING AN APPROPRIATION; AMENDING SECTIONS 85-2-217 AND 85-2-702; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

SB 265 extends the suspension of adjudication of Indian and federal water rights claims from July 1, 2013, to July 1, 2015. The bill also requires the legislative Water Policy Interim Committee (WPIC) to conduct meetings concerning the proposed compact that has been negotiated between the Confederated Salish & Kootenai Tribes (CSKT), the State of Montana, and the United States. Further, the WPIC is to prepare a study of issues related to the compact; create new legislation with regard to the compact; and make recommendations as to the adoption of the compact to the 64th Legislature.

In 1979, the Legislature created the Montana Reserved Water Rights Compact Commission (Commission) for the express purpose of negotiating quantification agreements for tribal and federal claims to water within the boundaries of this state. The Commission has successfully negotiated 18 of these federal and tribal water compacts. These compacts include two adopted

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this session: the Upper Missouri Breaks National Monument Water Compact and the C.M. Russell National Wildlife Refuge Water Compact. With great foresight, the Montana Legislature created a negotiation process that has proven to be highly durable and successful.

Unfortunately, SB 265 comes to my desk because the Legislature has failed--for the first time in the 34-year history of the Commission--to adopt a state-tribal compact negotiated in good faith. The proposed water compact with the CSKT is the culmination of years of negotiation, legal and technical work, and public involvement. Despite the importance of this compact to the economic future of western Montana and to the timely completion of the statewide General Stream Adjudication, the agreement was never allowed a vote on the floor of the Senate or the House. Instead, the Legislature proposes to extend the deadline for suspension of the adjudication of tribal water rights, presumably to allow for further negotiations over the CSKT's claims.

I now veto SB 265 for the following reasons. First, the CSKT and the Commission have completed negotiations and agreed to a water compact. Both sides have made concessions. The compact is a reasonable settlement of the CSKT's water rights claims that provides necessary protections for all affected water users in Montana, including those in eastern Montana who might otherwise be impacted by the claims the CSKT could file in the Adjudication and who are wholly protected from that possibility by the compact. It was made clear during the committee hearings on this bill and on the proposed compact that there is no reason to believe the CSKT would agree to reopen negotiations. Even if further negotiations were deemed necessary or appropriate, the CSKT and the state can mutually agree to do so at any time, without SB 265.

Second, the bill unnecessarily extends the deadline for suspension of the adjudication of tribal water rights claims. Pursuant to 85-2-702 (3), the CSKT have two years to file their claims after the current suspension ends on July 1, 2013. Therefore, even without the extension contained in SB 265, the CSKT's claims do not have to be filed until July 1, 2015, after the conclusion of the 2015 legislative session. To the extent the purpose behind SB 265 is to allow time for the current compact to be better understood in advance of the 2015 session, current law allows for that process without the need for an extension. Additionally, with or without SB 265, it is entirely up to the CSKT whether and when in the next two years they file their claims. Nothing in SB 265 does or can limit the CSKT's ability to file claims at any time if they so choose. That decision will be made by the CSKT based on their own assessment of whether the state will enter into a fair compact with them.

Third, adding two more years to the suspension simply serves to delay the completion of Montana's General Stream Adjudication. In testimony to the Legislature, Water Court Chief Judge Bruce Loble has identified the lack of resolution of tribal and federal water rights claims as a critical barrier to concluding the adjudication. The CSKT's rights are the last set of tribal claims that need to be quantified. In the event the Legislature does not approve a negotiated settlement, those claims must be litigated before the Adjudication can be complete. The CSKT has estimated to the Department of Natural Resources and Conservation (DNRC) that, absent a compact, up to 10,000 claims might be filed in basins both within and outside of the Flathead Indian Reservation. Each of those claims would need to be examined by the DNRC and then

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issued by the Water Court as part of one or more preliminary decrees before those claims can be finally adjudicated. Moreover, those claims, to the extent they are finally adjudicated, need to be incorporated into basin-wide decrees before the Adjudication's work is finished. An additional two-year delay in filing further slows progress toward a final adjudication. Such a delay leaves state water users with tremendous uncertainty, makes it difficult to protect Montana's water from demands from neighboring states and Canada, postpones future land and water development in western Montana, and will undermine the legislative directive to the DNRC and the Water Court to ensure the issuance of all preliminary decrees by 2020.

Finally, SB 265's insertion of the WPIC into the compacting process is unnecessary. The Legislature created the Commission to be the state entity responsible for negotiating water rights quantification agreements with Indian tribes and the United States, and nothing in SB 265 alters that arrangement. With this letter I am directing the Commission, working with DNRC, the CSKT, the Flathead Joint Board of Control, the United States, and other interested parties to prepare a comprehensive report addressing the questions raised about the compact during the 2013 legislative session. This report shall be submitted to the WPIC well in advance of the 2015 session, and made available for public review on the DNRC website. Further, I am directing the Commission and the DNRC to consult with interested parties in the preparation of this report, to ensure that it addresses all questions and concerns in as thorough and professional a manner as possible. If the compact is again considered during the 2015 legislative session, legislators and the public shall have a full and accurate understanding of its content.

SB 265 serves no useful purpose and needlessly delays the Montana General Stream Adjudication to the detriment of tens of thousands of Montana water users. For these reasons, I veto SB 265.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

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May 3, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 337** (SB 337), "AN ACT CLARIFYING THE DEFINITION OF 'GOOD CAUSE SHOWN' FOR A HEARING ON A TEMPORARY PRELIMINARY DECREE OR PRELIMINARY DECREE; AND AMENDING SECTION 85-2-233, MCA."

SB 337 proposes to amend the statute defining who has standing to object to a water right claim in the Montana Water Court, and who is entitled to a hearing. SB 337 would grant standing only to a person with an ownership or leasehold interest in "an existing water right, permit, certificate, or state reservation under 85-2-316 or a right to water through an irrigation project." Unfortunately, this language excludes others who have a substantial interest in the fair adjudication of water.

For example, irrigators who contract for water delivered out of a storage reservoir do not have an ownership interest in "a right to receive water through an irrigation project" as required by SB 337. Similarly, others such as municipalities and industrial users who contract for stored water would not be allowed to object, even though they may be significantly affected by adjudication. Water users with real and substantial interests at stake will be excluded under SB 337.

It is important for the adjudication process to be as comprehensive as possible. Narrowing the scope of participation will leave the state's adjudication process vulnerable to challenges by others who may seek to claim Montana's water, such as downstream states or the federal government. Further, the language of SB 337 appears to raise constitutional issues in light of the Montana Supreme Court's rationale in Montana Trout Unlimited v. Beaverhead Water Company, 361 Mont. 77 (2011).

I proposed amendments to fix these problems, and consistent with the Supreme Court's rationale in Beaverhead Water, would have defined those with standing to object as persons not only with an "ownership or leasehold interest" but those with an economic, or other substantial interest. In order to have standing an individual would have been required to demonstrate a real interest in the water right, not simply a general interest as a member of the public. Although the Senate saw the wisdom of these amendments, they were unfortunately rejected by the House.

Water right objections help to ensure the accuracy and fairness of adjudication, and SB 337 would leave too many potential objectors out of the process. Organizations or individuals that

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have a real, demonstrable interest in the accurate adjudication of water rights should be able to object. The Montana Supreme Court, in a practical and wise decision, has reasoned that they deserve their "day in court." I will not allow that right to be taken away.

For these reasons, I now veto SB 337.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

May 3, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 347** (SB 347), "AN ACT PROVIDING THAT A DIVERSION OR WITHDRAWAL OF WATER IS NOT DEGRADATION UNDER THE WATER QUALITY ACT; AMENDING SECTIONS 75-5-103 AND 75-5-317, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Under existing laws protecting water quality, which have been in effect for two decades, an activity that decreases water flow does not have a significant impact to water quality if the decrease is within measurable numeric limits. A decrease in flow outside of these numeric limits may still be acceptable, if the Department of Environmental Quality (DEQ) makes certain findings based on specific criteria.

SB 347 would amend the Montana Water Quality Act, replacing these protections with only a narrative standard that would require DEQ to determine if the decrease in flow would "have a reasonable possibility to cause a significant adverse impact on a fish population."

I have several concerns with this approach.

First and foremost, I am concerned that this change will invite substantial litigation, delaying the

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creation of jobs. SB 347 would replace a set standard that is measurable and understood ("decrease in the mean monthly flow of a surface water by less than 15% or the seven-day 10 year low flow by less than 10%"), with a narrative description that is subject to dispute and differing scientific opinions. The vagueness of the narrative standard in SB 347 was identified by several parties during the legislative process. This is sure to generate litigation.

Second, the reference to "a fish population," while very important, is not consistent with our laws relating to surface water quality which generally focus on protecting "aquatic life" as the yardstick. A stream should be protected from dewatering even if it does not contain fish. Besides, every angler knows that healthy aquatic insects are critical for healthy fish populations.

Third, the Legislature has previously determined that the impacts on existing beneficial uses of water are an important consideration (section 75-5-301 (5)(c)(i), MCA). SB 347 does away with this consideration, except when protecting "a fish population" also happens to protect these other uses of water (or where the decrease in flow is for a beneficial use, which is then reviewed for its impacts on senior water right holders under Title 85, Chapter 2, MCA).

I proposed amendments to address these concerns and to provide existing applicants and permit holders some flexibility in meeting the new requirements. Unfortunately, the Senate leadership refused to take my amendments to the floor for a vote.

I am requesting that the Board of Environmental Review conduct a public process to examine its existing rules regarding the regulation of flow for water quality purposes and consider whether those rules are reasonable and protective of public health and the environment.

For these reasons, I now veto SB 347.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

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May 6, 2013

The Honorable Jeff Essmann
President of the Senate
State Capitol
Helena, MT 59620

Dear President Essmann:

On Monday, May 6, 2013, I signed the following Senate Bills and delivered them to the Secretary of State:

Senate Bill 96 - Tutvedt
Senate Bill 101 - Facey
Senate Bill 117 - Sonju
Senate Bill 162 - Keane
Senate Bill 175 - Jones
Senate Bill 201 - Hamlett
Senate Bill 215 - F. Moore
Senate Bill 217 - Hamlett
Senate Bill 223 - Caferro

Senate Bill 231 - Augare
Senate Bill 264 - Arntzen
Senate Bill 323 - Thomas
Senate Bill 335 - Hamlett
Senate Bill 336 - Hamlett
Senate Bill 342 - Windy Boy
Senate Bill 364 - Vincent
Senate Bill 386 - Facey
Senate Bill 410 - Ripley

I have vetoed the following bills:

Senate Bill 81 - Lewis
Senate Bill 148 - Jones
Senate Bill 240 - Tutvedt
Senate Bill 256 - F. Moore
Senate Bill 269 - Walker

Senate Bill 282 - Tutvedt
Senate Bill 305 - Peterson
Senate Bill 370 - Essmann
Senate Bill 394 - Wittich
Senate Bill 401 - Sesso

Sincerely,

STEVE BULLOCK
Governor

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May 6, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

I hereby **sign into law Senate Bill 175**, "AN ACT GENERALLY REVISING SCHOOL FINANCE LAWS BY INCREASING FUNDING, REDUCING SCHOOL DISTRICT PROPERTY TAXES, AND INCREASING FLEXIBILITY TO SUPPORT IMPROVED ACADEMIC PERFORMANCE OF STUDENTS ENROLLED IN PUBLIC SCHOOLS; CREATING A K-12 DATA TASK FORCE; ESTABLISHING A DATA-FOR-ACHIEVEMENT PAYMENT; REDIRECTING OIL AND NATURAL GAS PRODUCTION TAX REVENUE FROM THE STATE GENERAL FUND TO A NEW NATURAL RESOURCE DEVELOPMENT K-12 FUNDING PAYMENT TO SUPPORT BASE BUDGETS OF SCHOOL DISTRICTS; ENHANCING THE STATEWIDE K-12 DATA SYSTEM TO IMPROVE TIMELY ACCESS TO INFORMATION NEEDED TO POSITIVELY IMPACT STUDENT PERFORMANCE; STRENGTHENING SAFEGUARDS TO PROTECT THE PRIVACY OF STUDENT DATA; AMENDING THE DEFINITION OF BASE AID TO INCLUDE THE NATURAL RESOURCE DEVELOPMENT K-12 FUNDING PAYMENT AND THE TOTAL DATA-FOR-ACHIEVEMENT PAYMENT; APPLYING INFLATIONARY ADJUSTMENTS TO ENTITLEMENTS; REVISING AND INCREASING THE BASIC ENTITLEMENT; ALLOWING SCHOOL DISTRICTS TO ADD INCREASES IN THEIR BASIC AND PER-ANB ENTITLEMENT TO THE PREVIOUS YEAR'S GENERAL FUND BUDGET; REVISING AND CREATING EXCEPTIONS TO THE LIMITS, ALLOCATION, AND BUDGETING REQUIREMENTS FOR A SCHOOL DISTRICT RECEIVING OIL AND NATURAL GAS PRODUCTION TAX REVENUE; ADDING A THIRD ENROLLMENT COUNT TO CALCULATE ANB; REVISING THE CALCULATION OF ANB TO INCLUDE STUDENTS MASTERING CONTENT IN FEWER HOURS THAN OTHERWISE REQUIRED; ALIGNING THE REQUIREMENT OF REMOVING FUNDING FOR A SCHOOL LOSING ACCREDITATION WITH THE BOARD OF PUBLIC EDUCATION'S ACCREDITATION MODEL; REVISING WHEN AN INCREASE TO ANB IS APPROVED BASED ON UNUSUAL ENROLLMENT FOR PURPOSES OF ESTABLISHING THE DISTRICT'S ENSUING YEAR'S BASIC ENTITLEMENT AND PER-ANB ENTITLEMENT; EXTENDING THE DEADLINE FOR CERTAIN SCHOOL DISTRICT FUND BALANCE LIMITS; AMENDING BONDING PROVISIONS TO ALLOW FOR THE ISSUANCE AND NEGOTIATION OF OIL AND NATURAL GAS REVENUE BONDS FOR SCHOOL PURPOSES; PROVIDING FOR SECURITY FOR OIL AND NATURAL GAS PRODUCTION BONDS; MODIFYING RECIPIENTS OF THE STATE OIL AND NATURAL GAS IMPACT ACCOUNT; PROVIDING THAT ANY EXCESS INTEREST AND INCOME REVENUE ABOVE \$1 MILLION IN THE GUARANTEE ACCOUNT MUST BE ALLOCATED TO THE DISTRIBUTION OF THE REVENUE BETWEEN SCHOOL DISTRICT PROPERTY TAX RELIEF AND INCREASED BUDGET AUTHORITY FOR FACILITIES REPAIRS AND OTHER PURPOSES; SPECIFYING AN INTENT THAT INCREASED BUDGET AUTHORITY OF SCHOOL DISTRICTS ABOVE INFLATION BE USED TO IMPLEMENT RECENT CHANGES TO THE ACCREDITATION

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STANDARDS ADOPTED BY THE BOARD OF PUBLIC EDUCATION; PROVIDING AN APPROPRIATION; ESTABLISHING A STATE SPECIAL REVENUE ACCOUNT TO TRANSFER MONEY TO THE GUARANTEE ACCOUNT TO SUPPORT INCREASES IN THE BASIC ENTITLEMENT AND PROVIDING FOR A TRANSFER FROM THE GENERAL FUND TO THE ACCOUNT; ESTABLISHING A STATE SCHOOL OIL AND NATURAL GAS DISTRIBUTION ACCOUNT; AMENDING SECTIONS 20-7-102, 20-7-104, 20-9-141, 20-9-306, 20-9-308, 20-9-310, 20-9-311, 20-9-314, 20-9-323, 20-9-326, 20-9-342, 20-9-344, 20-9-403, 20-9-406, 20-9-408, 20-9-422, 20-9-423, 20-9-426, 20-9-427, 20-9-430, 20-9-437, 20-9-438, 20-9-440, 20-9-517, 20-9-518, AND 20-9-622, MCA; AMENDING SECTION 29, CHAPTER 418, LAWS OF 2011; AND PROVIDING EFFECTIVE DATES, AN APPLICABILITY DATE, AND A TERMINATION DATE."

I am committed to investing in the education of Montana's children. The strength of our economy and our communities is directly related to the strength of our public school system. Montana is fortunate that we have quality schools and quality teachers. With the passage of SB 175 we will make a significant investment in our schools and our children's future. Local school boards will have greater ability to address needs, with increased resources and tools for school improvement initiatives, competitive salaries, and other priorities. Using our natural resource revenues, we can make these investments without raising property taxes.

SB 175 also specifically targets money to areas in Eastern Montana impacted by the oil boom in the Bakken. As Attorney General, I saw first-hand the impact this development is having on local communities. And while I welcome this vital economic development for our state, I also recognize that the impacts are immediate and should be addressed. SB 175 includes provisions to address impacts of schools in this region. In fact of the \$51 million of additional investment in our K -12 education system, \$22 million of that will go to just 39 of the state's 416 school districts. In 2015, I will ask the Legislature to reevaluate these provisions and to consider if the impacts have been addressed with the increased resource, and whether the mechanisms in SB 175 are the most effective and equitable way to address those impacts moving forward.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

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May 6, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 81** (SB 81), AN ACT ALLOWING TAX CREDITS FOR CONTRIBUTIONS TO EDUCATIONAL IMPROVEMENT ORGANIZATIONS AND STUDENT SCHOLARSHIP ORGANIZATIONS BY INDIVIDUAL AND CORPORATE TAXPAYERS; CREATING PUBLIC SCHOOL AND STUDENT FUNDING THROUGH TAX REPLACEMENT PROGRAMS; ESTABLISHING REQUIREMENTS FOR ORGANIZATIONS THAT AWARD GRANTS AND SCHOLARSHIPS; ESTABLISHING REQUIREMENTS FOR AWARDING PUBLIC SCHOOL GRANTS AND DETERMINING ELIGIBLE PUBLIC SCHOOLS; ESTABLISHING REQUIREMENTS FOR GRANTING STUDENT SCHOLARSHIPS AND DETERMINING EDUCATION PROVIDERS THAT ARE ELIGIBLE TO EDUCATE STUDENTS RECEIVING SCHOLARSHIPS; PROVIDING THAT THE AMOUNT OF A SCHOLARSHIP IS NOT TAXABLE INCOME; ESTABLISHING THE MAXIMUM AMOUNTS THAT MAY BE CLAIMED AS CREDITS; LIMITING THE TOTAL AMOUNT OF CREDITS THROUGH AN APPLICATION PROCESS TO THE DEPARTMENT OF REVENUE; REQUIRING REPORTS TO THE REVENUE AND TRANSPORTATION INTERIM COMMITTEE; ESTABLISHING ORGANIZATION REVIEW AND TERMINATION PROCEDURES; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTION 15-30-2110, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE, A RETROACTIVE APPLICABILITY DATE, AND A TERMINATION DATE."

SB 81 creates tax credits for individual and corporate contributions to "educational improvement organizations" and "student scholarship organizations." The ostensible purpose of the bill is to support and enhance the opportunity for private schooling in Montana.

I recognize and support the right of parents to choose to educate their children in private elementary and high schools, or at home. According to recent statistics, over 7,000 elementary and high school students attend private schools, and approximately 4,000 children are home-schooled. Thus, school choice exists in Montana. The issue raised by SB 81 is whether the State of Montana should subsidize school choice by creating an income tax credit that is projected to cost the state general fund in excess of \$6.5 million over the next biennium, with increases beyond that in subsequent years. I do not believe it is right to do so from either a policy or a fiscal standpoint.

As a policy matter, I strongly support our public school system, and I believe as a state we properly should keep our focus on supporting and enhancing that system. Public education is the great equalizer in our society. The doors of our public schools are open to all children, and our educators serve those students with dedication and professionalism. By concentrating our

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financial support on our public school system, we continue to build and maintain a society that is inclusive and not fragmented as I believe the framers of our Constitution intended. See, e.g., Mont. Const. Conv., Tr. pp. 2008-09 ("The growth of a strong, universal, and free educational system in the United States has been due in part to its exclusively public character. Under federal and state mandates to concentrate public funds in public schools, our educational system has grown strong in an atmosphere free from divisiveness and fragmentation."). While we must safeguard the right of individuals and organizations to establish and maintain private schools, I do not believe we should subsidize those schools with tax revenues redirected from the state treasury.

As a fiscal matter, SB 81 costs the state general fund money that we cannot justify. We must maintain structural balance, and I am committed to maintaining an appropriate ending fund balance. Because the Legislature did not stay within these budgetary parameters, I have had to veto a number of bills, many of them well-intentioned, in order to maintain structural balance and leave money in the bank for a rainy day. SB 81 is one more bill that must be vetoed.

As stated above, I support parents' right to choose to educate their children outside of Montana's public school system. I do not, however, support legislation that subsidizes that right at the projected cost to the state general fund of more than \$6.5 million in the coming biennium.

For these reasons, I veto SB 81.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

May 6, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 148** (SB 148), "AN ACT LIMITING THE AMOUNT OF LOST WAGES AND FRINGE BENEFITS AN EMPLOYEE MAY BE AWARDED WHEN

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THE EMPLOYEE HAS BEEN WRONGFULLY DISCHARGED; AND AMENDING SECTION 39-2-905, MCA."

Montana's Wrongful Discharge from Employment Act strikes a balance between the interests of employers and the rights of workers. It requires that an employer have good cause before firing a person who is outside of their probationary period. If the employee challenges their termination and a jury determines that an employer did not have good cause for the discharge, the employee may recover up to four years of wages and benefits. Any wages that the employee earned or could have earned if they had diligently sought employment are deducted from the damage award.

I believe this balance works for Montana and that SB 148's limitation on damages could harm working Montanans. SB 148 keeps the four-year cap on damages but it limits a worker to half the wages and benefits they earned while working in the job. Thus if a jury found that an employer wrongfully discharged an employee and that employee had worked for three years, they would only be entitled to recover a year and a half of damages. While I absolutely agree that employers must have the right to discharge an employee for legitimate business reasons, I also recognize that being wrongfully discharged can have major financial implications for Montana's working families. Those workers, who have been found to have been discharged in violation of Montana law, should be able to recover reasonable damages. Because I believe current Montana law provides for that, I am vetoing SB 148.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

May 6, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 240** (SB 240), "AN ACT EXEMPTING CERTAIN

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AIR AND WATER POLLUTION CONTROL EQUIPMENT FROM PROPERTY TAXES; AMENDING SECTIONS 15-6-135 AND 15-6-219, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A RETROACTIVE APPLICABILITY DATE."

SB 240 proposes to exempt from taxation under § 15-6-135, MCA, air and water pollution control equipment that is placed into service after January 1, 2012. Those who have pollution control equipment in place prior to January 1, 2012, will continue to pay tax at three percent of the market value of that equipment. The bill as written raises equal protection concerns.

The Montana Supreme Court has held that "... if the classification is reasonable, and if all of the subjects within a given class are accorded the same treatment, the legislation cannot be said to deny to anyone within such class the equal protection of the law" State ex rel. Schultz-Lindsay Constr. Co. v. Board of Equalization, 145 Mont. 380, 390 (1965); Montana Stockgrowers Ass'n v. Department of Revenue, 238 Mont. 113 (1989). Moreover, the United States Supreme Court in Eisenstadt v. Baird, 405 U.S. 438, 447 (1972), determined that "classifications must be reasonable, not arbitrary, and they must bear a fair and substantial relation to the object of the legislation, so that all persons similarly circumstanced shall be treated alike."

With respect to SB 240, a taxpayer with pollution control equipment placed into service prior to January 1, 2012, will continue to be taxed at 3 percent. Alternatively, a similar taxpayer with identical pollution control equipment placed into service after January 1, 2012, will receive a complete tax exemption for that pollution control equipment. There are no incentives in SB 240 encouraging new development, new technologies, or new energy production. Treating similarly situated taxpayers in the same classification differently, solely on the basis of the date on which they placed pollution control equipment into service, may not withstand an equal protection challenge. In addition, the potential loss of all tax revenues from pollution control equipment would create significant fiscal impacts for state and local governments.

The budget I proposed was balanced, left money in the bank for a rainy day, cut taxes for small businesses and homeowners, and maintained critical services. At the same time I laid out clear and basic expectations for the Legislature while considering the state budget. First, Montana's budget needs to be in structural balance we cannot spend more than we take in. Second, to ensure sound fiscal management, the Legislature needs to maintain a reserve of \$300 million in ending fund balance. Finally, essential services and long-term liabilities must be addressed before the Legislature creates new programs or tax expenditures. While the short-term costs of SB 240 are minimal, given the legal concerns the long term costs could be significant.

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For these reasons I veto SB 240.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

May 6, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 256** (SB 256), "AN ACT MAKING THE DEPARTMENT OF FISH, WILDLIFE, AND PARKS LIABLE FOR DAMAGE TO PRIVATE PROPERTY BY CERTAIN WILD BUFFALO AND BISON; REQUIRING AN ESTIMATION OF PRIVATE PROPERTY DAMAGE AND COSTS FOR WHICH THE DEPARTMENT WOULD BE LIABLE IF A WILD BUFFALO OR BISON PROPOSED FOR RELEASE OR TRANSPLANTATION ESCAPES; PROVIDING AN APPROPRIATION; AMENDING SECTION 87-1-216, MCA; AND PROVIDING AN EFFECTIVE DATE."

SB 256 would impose liability on the State of Montana for any damage to private property that results from wild buffalo and bison that have been transplanted or released. This would be the first time that, absent malfeasance, such a liability would be imposed on the State for the impacts of wild animals, even transplanted ones. The bill does not define what constitutes damage to private property, and sets the stage for litigation and potentially significant liability claims. For example, under SB 256, the State could be liable for the grass lost to grazing. In addition, as stated in the fiscal note, after fiscal year 2015 the Department of Fish, Wildlife & Parks (FWP) would be forced to divert license funds to pay for any damages, jeopardizing more than \$18 million in federal funds.

SB 256 would set an unacceptable precedent. If applied to other species, this rationale would practically preclude any wildlife restoration efforts, regardless of the benefits. If this precedent had existed 100 years ago, Montana's world-class wildlife heritage would not exist today. Just as troubling is the idea that the State should pay for damage to property resulting from the

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actions of any wild animal, whether that would be wild bison eating grass in Eastern Montana, mule deer eating tulips in Helena, or a moose getting in the way of a vehicle in the Swan Valley. As recognized long ago, landowners in Montana fully understand that wildlife are practically part of the land itself:

"Montana is one of the few areas in the nation where wild game abounds. It is regarded as one of the greatest of the state's natural resources, as well as the chief attraction for visitors. Wild game existed here long before the coming of man. One who acquires property in Montana does so with notice and knowledge of the presence of wild game and presumably is cognizant of its natural habits. Wild game does not possess the power to distinguish between *fructus naturales* and *fructus industriales*, and cannot like domestic animals be controlled through an owner. Accordingly, a property owner in this state must recognize the fact that there may be some injury to property or inconvenience from wild game for which there is no recourse." State of Montana v. Rathbone, 110 MT 225, 242 (1940).

Finally, it is worth noting that existing statute in 87-1-216, MCA, already directs FWP to develop and adopt, with full public participation, a specific management plan prior to any restoration effort on private or public land in Montana. This statute explicitly provides that FWP may be liable for damage to private property resulting from its failure to comply with the statute.

I am committed to improving the relationship between the sportsmen and women, FWP, and landowners of this state, and am grateful to the many landowners who provide vital habitat for our great wildlife herds. Their actions benefit all of us who are fortunate to live here. We must do more to work together, but SB 256 is not the answer.

For these reasons, I veto SB 256.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

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May 6, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 269** (SB269), "AN ACT PROVIDING THAT EXPENDITURE ESTIMATES IN FISCAL NOTES ARE IN EXCESS OF OR A REDUCTION TO THE BASE BUDGET; CLARIFYING THAT PRESENT LAW ADJUSTMENTS ARE NOT INCLUDED IN THE BASE BUDGET; REPLACING REFERENCES TO A PRESENT LAW BASE BUDGET WITH REFERENCES TO PRESENT LAW ADJUSTMENTS; AMENDING SECTIONS 5-4-205, 5-12-303, 17-7-102, 17-7-111, 17-7-112, 17-7-123, AND 20-9-326, MCA; AND PROVIDING AN EFFECTIVE DATE."

SB 269 seeks to, among other items, establish a new basis from which fiscal notes are calculated, seeks to make a strict distinction between present law and new proposals, and effectively eliminates statewide present law adjustments. Simply stated, SB 269 creates more questions than it attempts to solve and does little but provide current legislative cover for the general misunderstanding of, and lack of learning about the state's budget process that has worked well for both sides of the aisle session after session.

Section 1 of the bill suggests that changes calculated in fiscal notes should start from the current fiscal year (i.e. the second year of the biennium). Acknowledging that the rest of the budget process is based off the base year (i.e. the first year of the biennium), undoubtedly this would lead to fiscal notes being understated and other procedural gaming of fiscal notes which, unfortunate as it may be, could be the point of this legislation. Further, Section 3 of the bill attempts to make a very strict distinction between present law and new proposals. It is unknown what the intent of this legislation is to address, as the categorization of decision packages has seemed to be a non-controversial issue, and the categorization of a decision package can already be changed by the Legislature with an affirmative vote in any respective legislative committee.

Moreover, the current budget processes employed by executive agency staff in the development, defense, and implementation of my budget are sound, transparent, and effective. SB 269 attempts to change a process that is tried and true, and attempts to disrupt a productive course of action with legislative "fixes" for problems that do not exist.

As our current statewide budget outlook is and has been superior, I would like to think that at least some of this success is due to the current budgetary processes we have in place in current statute, and not just plain luck. Based on my interpretation of our current processes and the expertise of my staff, I would argue it is the former. That said, SB 269 is a misguided

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attempt to change a process that has helped make Montana the fiscal envy of the rest of the country.

For these reasons, I veto SB 269.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

May 6, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 282** (SB 282), "AN ACT GENERALLY REVISING TAXATION OF INCOME, INCLUDING THE CORPORATE LICENSE TAX; REQUIRING THE TAXATION OF INDIVIDUALS, PARTNERSHIPS, AND SUBCHAPTER S. CORPORATIONS, INCLUDING TRUSTS AND ESTATES, TO RELATE THE STATE INDIVIDUAL INCOME TAX TO FEDERAL TAXABLE INCOME; PROVIDING ADJUSTMENTS TO FEDERAL TAXABLE INCOME TO INCLUDE CERTAIN INCOME; PROVIDING ADJUSTMENTS TO FEDERAL TAXABLE INCOME TO EXCLUDE CERTAIN INCOME; ELIMINATING MOST INDIVIDUAL INCOME TAX DEDUCTIONS; ELIMINATING CERTAIN INDIVIDUAL INCOME TAX CREDITS; ELIMINATING CERTAIN CORPORATE LICENSE TAX DEDUCTIONS AND CREDITS; REVISING INDIVIDUAL INCOME TAX RATES SUBJECT TO A REDUCTION FOR NET CAPITAL GAIN INCOME; LOWERING CORPORATE LICENSE TAX RATES; REPEALING PROVISIONS RELATING TO PUBLIC CONTRACTOR'S FEES AND TAX; PROVIDING A TRANSITION FOR CREDITS THAT ARE SUBJECT TO A CARRYFORWARD; PROVIDING A TRANSITION FOR DIFFERENCES IN FEDERAL AND MONTANA INCOME TAX LAWS; PROVIDING RULEMAKING AUTHORITY; AMENDING SECTIONS 2-18-1312, 7-14-1133, 7-14-1636, 7-34-2416, 15-1-208, 15-30-2101, 15-30-2102, 15-30-2103, 15-30-2104, 15-30-2113, 15-30-2151, 15-30-2153, 15-30-2328, 15-30-2329, 15-30-2501, 15-30-2512, 15-30-2602, 15-30-2605, 15-30-2606, 15-30-2618, 15-30-3003, 15-30-3004, 15-30-3005, 15-30-3312, 15-30-3313, 15-31-121, 15-31-125, 15-31-127, 15-31-131, 15-31-162, 15-32-104, 15-32-106,

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15-61-202, 15-61-203, 15-62-208, 15-63-202, 16-11-110, 19-2-1004, 19-17-407, 19-18-612, 19-19-504, 19-20-706, 19-21-212, 33-22-2006, 33-27-101, 33-27-102, 33-27-103, 37-4-104, 53-2-211, 67-11-303, 70-9-803, 75-2-103, 75-5-103, 87-2-102, AND 87-2-105, MCA; REPEALING SECTIONS 7-21-3701, 7-21-3702, 7-21-3703, 7-21-3704, 7-21-3710, 7-21-3715, 15-30-2110, 15-30-2111, 15-30-2114, 15-30-2115, 15-30-2116, 15-30-2117, 15-30-2119, 15-30-2131, 15-30-2132, 15-30-2133, 15-30-2141, 15-30-2142, 15-30-2143, 15-30-2144, 15-30-2152, 15-30-2301, 15-30-2319, 15-30-2320, 15-30-2356, 15-31-124, 15-31-134, 15-31-137, 15-31-163, 15-31-172, 15-32-109, 15-32-115, 15-32-201, 15-32-202, 15-32-203, 15-32-303, 15-32-401, 15-32-402, 15-32-404, 15-32-405, 15-32-406, 15-32-407, 15-32-501, 15-32-502, 15-32-503, 15-32-504, 15-32-505, 15-32-506, 15-32-507, 15-32-508, 15-32-509, 15-32-510, 15-32-601, 15-32-602, 15-32-603, 15-32-604, 15-32-609, 15-32-610, 15-32-611, 15-32-701, 15-32-702, 15-32-703, 15-50-101, 15-50-205, 15-50-206, 15-50-207, 15-50-301, 15-50-304, 15-50-307, 15-50-308, 15-50-309, 15-50-310, 15-50-311, 15-62-207, AND 33-2-724, MCA; AND PROVIDING A DELAYED EFFECTIVE DATE AND AN APPLICABILITY DATE."

I appreciate the Legislature's willingness to consider ways to simplify Montana's income tax system. However, the manner in which SB 282 attempts to simplify the system is not conducive to economic growth and job creation. Moreover, this measure would raise taxes on middle class families and senior citizens. I cannot justify a tax hike on 97,000 middle income Montanans.

Many of the credits which are eliminated under SB 282 have created jobs across Montana. Credits which are eliminated under the bill include the New or Expanded Industry Credit, Mineral Exploration Credit, Contractors' Gross Receipts Credit, Empowerment Zone Credit, Alternative Fuel Conversion Credit, Geothermal Heating System Credit, Alternative Energy Production Credit, Recycling Credit and Deduction, and the Biodiesel Credit. These credits were created to incentivize growth and development across the state and across many economic sectors from agriculture to heavy industry.

We should not increase taxes on the businesses that are creating jobs using these credits.

Finally, the budget I proposed was balanced, left money in the bank for a rainy day, cut taxes for small businesses and homeowners, and maintained critical services. At the same time I laid out clear and basic expectations for the Legislature while considering the state budget. First, Montana's budget needs to be in structural balance--we cannot spend more than we take in. Second, to ensure sound fiscal management, the Legislature needs to maintain a reserve of \$300 million in ending fund balance. The Legislature's actions to date leave Montana with an insufficient ending fund balance and spend significantly more than current revenues allow according to the most recent analysis completed by the Legislative Fiscal Division.

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However well-intentioned SB 282 may be, we simply cannot afford its cost of \$2.7 million over the biennium and therefore I veto this bill.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

May 6, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 305** (SB 305), "AN ACT REVISING THE DEFINITION OF WILD BUFFALO AND WILD BISON; AND AMENDING SECTIONS 81-1-101, 87-2-101, AND 87-6-101, MCA."

SB 305 changes the definition of wild buffalo and wild bison to require that the animal "has never been owned," by a wide range of entities, "except for the state or a state agency." Current law is that a wild buffalo or wild bison "has not been reduced to captivity and is not owned by a person." Fish and wildlife in Montana are not actually "owned" by anyone, but are held by the state in trust for the benefit of the people of Montana. Under existing statutes the state is given broad management responsibilities for wild buffalo and wild bison, requiring the Departments of Livestock and the Department of Fish, Wildlife & Parks to exercise authority over the animals, including disease control, hunting, and possible relocation both within and without the state.

To effectively manage wild buffalo and wild bison in Montana, the state needs to rely on various partners including the federal government and the tribal nations. SB 305 precludes any meaningful role for these entities and severely limits the ability of the state to meet its obligations to the public under the law.

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For these reasons, I veto SB 305.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

May 6, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 370** (SB 370), "AN ACT GENERALLY REVISING LAWS RELATED TO THE LEGISLATURE; REVISING LAWS RELATING TO FISCAL NOTES; AMENDING SECTIONS 5-4-201 AND 5-4-203, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

This bill would allow the Legislature to pass legislation from one house to another which has been deemed by the President of the Senate or Speaker of the House to have a fiscal impact to the State of Montana without an accurate fiscal analysis completed in compliance with Title 5, Chapter 4 of the Montana Code Annotated. This is a dangerous precedent which would, for the first time, legally allow the Legislature through willful ignorance, to ignore its constitutional responsibility to pass a balanced budget.

We, as elected leaders, have a responsibility to act as responsible stewards of the people's money. Turning a blind eye to the fiscal implications of legislation does not serve any of our shared purpose in doing so.

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For these reasons, I veto SB 370.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

May 6, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana I hereby **veto Senate Bill 394** (SB 394), "AN ACT GENERALLY REVISING THE TAXATION OF INDIVIDUAL INCOME; DECREASING INDIVIDUAL INCOME TAXES LEVIED BY 5% FOR TAX YEAR 2014; AMENDING SECTION 15-30-2103, MCA; AND PROVIDING AN APPLICABILITY DATE AND A TERMINATION DATE."

The budget I proposed to the Legislature was balanced, left money in the bank for a rainy day, cut taxes for small businesses and homeowners, and maintained critical services. At the same time I laid out clear and basic expectations for the Legislature when considering the state budget. First, Montana's budget needs to be in structural balance--we cannot spend more than we take in. Second, to ensure sound fiscal management, the Legislature needs to maintain a reserve of \$300 million in ending fund balance. Finally, essential services and long-term liabilities must be addressed before the Legislature creates new programs or tax expenditures.

SB 394 is a \$47 million income tax rebate, with over 70 percent of the rebate directed to the top 20 percent of earners in our state. Nearly \$26 million of the \$47 million is directed to the top 10 percent of income taxpayers in Montana. Conversely, only \$127 total of the nearly \$50 million rebate is directed towards those with income in the lowest 10 percent in the state. These Montanans would see less than \$0.0025 in income tax relief in 2014, or one-fourth of one penny. I am enclosing the analysis from my Budget Office for your reference.

I believe that Montana is more likely to create jobs if we ensure that our tax relief is targeted towards working families, small businesses, students, farmers and ranchers. Unfortunately,

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SB 394 does not meet that test.

For these reasons, I veto SB 394.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Mark Blasdel, Speaker of the House
Jeff Essmann, President of the Senate

May 6, 2013

The Honorable Linda McCulloch
Secretary of State
State Capitol
Helena, MT 59620

Dear Secretary McCulloch:

In accordance with the power vested in me as Governor by the Constitution and the laws of the State of Montana, I hereby **veto Senate Bill 401** (SB 401), "AN ACT REVISING DISPOSITION OF THE METALLIFEROUS MINES LICENSE TAX; AND AMENDING SECTION 15-37-117, MCA."

SB 401 decreases the allocation of metalliferous mines license tax proceeds deposited into the general fund by 10 percent and redirects those funds to hard rock mining counties. SB 401 results in an ongoing cost of more than \$3.5 million to the state treasury.

The budget I proposed was balanced, left money in the bank for a rainy day, cut taxes for small businesses and homeowners, and maintained critical services. At the same time I laid out clear and basic expectations for the Legislature while considering the state budget. First, Montana's budget needs to be in structural balance--we cannot spend more than we take in. Second, to ensure sound fiscal management, the Legislature needs to maintain a reserve of \$300 million in ending fund balance. Finally, essential services and long-term liabilities must be addressed before the Legislature creates new programs or tax expenditures.

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However well-intentioned SB 401 may be, we simply cannot afford it and therefore I veto this bill.

Sincerely,

STEVE BULLOCK
Governor

cc: Legislative Services Division
Jeff Essmann, President of the Senate
Mark Blasdel, Speaker of the House

May 7, 2013

The Honorable Jeff Essmann
President of the Senate
State Capitol
Helena, MT 59620

Dear President Essmann:

On Tuesday, May 7, 2013, I returned the following Senate Bills to the Secretary of State without signature:

Senate Bill 23 - Rosendale*
Senate Bill 44 - Keane*
Senate Bill 226 - F. Moore
Senate Bill 280 - Thomas
Senate Bill 297 - Arntzen
Senate Bill 346 - Vincent*
Senate Bill 369 - Facey*
Senate Bill 392 - Kaufmann*

*Senate Bill 23, Senate Bill 44, Senate Bill 346, Senate Bill 369 and Senate Bill 392 are five of 20 bills passed on 3rd reading by the Senate on April 5, 2013. The manner in which these bills were passed may violate the Montana Constitution. While these bills may be subject to a legal challenge, their validity is a question for the judicial branch to ultimately decide. I am, therefore, allowing these bills to become law without my signature.

Sincerely,

STEVE BULLOCK
Governor